

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

**Open Session**

**June 21, 2006**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, June 21, 2006 beginning at 9:45 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**George B. Beardsley, President**  
**Denise S. Maes, First Vice President**  
**Penfield Tate, Vice President**

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager  
P. L. Wells, General Counsel  
D. B. LaFrance, Director of Finance  
E. E. Pokorney, Director of Planning  
M. L. Bassett, Director of Public Affairs  
B. D. Good, Director of Operations & Maintenance  
J. H. Bambei, Jr., *Acting* Director of Engineering  
C. R. Dermody, Director of Information Technology  
A. T. Spaulding, Manager of Purchasing  
K. Keefe, Superintendent of Source of Supply  
M. Leister, Engineer  
H. C. Teigen, Chief of Distribution and Property Management  
T. Myers, Engineer  
T. L. McGuire-Collier, Manager of Media Relations  
S. Price, Engineer  
S. Renouf, Community Affairs Specialist  
J. E. Crockett, Manager of Risk & Benefit  
L. Bailey, Engineer  
K. Riegle, Attorney  
M. D. Waage, Water Resource Engineer  
M. Passarelli, *Acting* Manager of Human Resources

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C. Funk, Attorney  
Dave Romero, Denver Parks & Recreation  
Mike Palumbo, Project One Integrated Services

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Sherman and Gougeon were found to be absent for substantial cause and were excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of May 10, 2006 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of May 10, 2006 were approved.

Commissioner Beardsley issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

#### **1. ITEM V-D-1: STUDENT EDUCATION AND RETROFIT PROGRAM**

Approved the First Amendment to Agreement with Resource Action Programs in an amount not to exceed \$150,000, all as more particularly described in the First Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "A".

#### **2. ITEM V-D-2: 2006 SUBSCRIPTION PAYMENT TO THE AMERICAN WATER WORKS ASSOCIATION RESEARCH FOUNDATION**

Denied the recommendation to increase the annual contribution to the American Water Works Association Research Foundation for 2006 to \$75,000, with

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Commissioners Maes and Tate voting “Yea” and Commissioner Beardsley voting “Nay”. The Motion failed for lack of the required three votes in favor. Approved a motion to maintain the annual contribution to the American Water Works Association Research Foundation for 2006 in the amount of \$50,000.

#### **3. ITEM V-D-3: RATIFICATION OF CONTRACT TO PURCHASE REINFORCED CONCRETE PIPE FOR FRASER RIVER CANAL**

Ratified the contract for purchase of 102” reinforced concrete pipe for the Fraser River Canal from Precast Concept, LLC, for a total contract amount of \$355,710.00.

#### **4. ITEM V-D-4: AUTHORIZATION OF INCREASE FOR DUCTILE IRON SINGLE GASKET JOINT PIPE**

Authorized an increase in the annual contract with Mountain States Pipe and Supply Company to furnish Ductile Iron Single Gasket Joint Pipe, for a total contract amount not to exceed \$595,155.00.

#### **5. ITEM V-D-5: CONTRACT FOR TRENCH ROTOMILLING**

Authorized the award of a contract to TMT Cutters, Inc. to provide Denver Water’s requirements for trench rotomilling for the period July 1, 2006 through June 30, 2009, for a total contract amount not to exceed \$300,000.00.

#### **6. ITEM V-D-6: CONTRACT FOR DENVER WATER ADMINISTRATION BUILDING COMPUTER ROOM RENOVATION**

Authorized the award of a Contract to DRG Construction for the Denver Water Administration Building Computer Room Renovation in the amount of \$245,176.00.

#### **7. ITEM V-D-7: LEASE AGREEMENT FOR THE PINEY RIVER RANCH IN EAGLE COUNTY – HANSEN DEVELOPMENT COMPANY, LLC**

Approved entering into a Lease Agreement, for the Board’s Piney River Ranch property with Hansen Development Company, LLC for the term May 1, 2006 through April 30, 2018 for the annual payments described in the Agreement, a copy of which

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is attached to and incorporated in these Minute as Exhibit "B", subject to the Board's right to terminate the lease by giving 180 days notice of need of the property for operation of the water system, all as more particularly described in the Agreement.

#### **8. ITEM V-D-8: THIRD AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES TO PROVIDE TECHNICAL DRAFTING ASSISTANCE**

Authorized entering into the Third Amendment to Agreement with Martinez & Hromeda Associates, Inc. increasing the amount of the contract by \$150,000.00, and extending the completion date to January 31, 2007, all as more particularly described in the Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "C".

#### **9. ITEM V-D-9: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS**

Ratified Change orders to Construction Contracts and Amendments to Contracts authorized by the Manager in April, 2006 as follows:

Change Order No. 1 to the contract with Quality Paving Company for Kassler Complex drainage and site improvements;

Change Order No. 4 to the contract with Western Summit Constructors for the Gross Reservoir Hydroelectric Project;

Change Order No. 1 to the Contract with Garney Construction for the Capitol Hill Recycled Water Storage Tank-BP-1;

Change Order No. 1 to the Contract with Garney Construction for the Capitol Hill Recycled Water Storage Tank-BP-2;

Change Order No. 1 to the Contract with T. Lowell Construction, Inc. to relocate a portion of Conduit 31;

Change Order No. 1 to the Contract with Craft Metal, Inc. for roof maintenance at the Moffat Collection System Headquarters; and

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Amendment to the May 11, 2006 Agreement with Orbonyx Corp., all as more particularly described in Agenda Item V-D-9 dated June 21, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "D".

#### **10. ITEM V-D-10: CHANGE ORDER NO. 1 - ROBERTS TUNNEL WEST PORTAL ELEVATOR UPGRADES**

Authorized Change Order No. 1 to the Contract with Schindler Elevator Corporation for an additional \$42,061.00, including extending the completion date to November 17, 2006, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "E".

#### **11. ITEM V-D-11: CHANGE ORDER NO. 7 - MARSTON FINISHED WATER PIPE IMPROVEMENT PROJECT**

Authorized Change Order No. 7 to the Contract with Lillard and Clark Construction in the amount of \$129,217.12, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "F".

#### **12. ITEM V-D-12: PARTIAL GUARANTEED MAXIMUM PRICE AMENDMENT NO. 2 FOR THE CONSTRUCTION OF MONTCLAIR RECYCLED WATER PUMP STATION WITH LILLARD AND CLARK CONSTRUCTION COMPANY, INC.**

Authorized partial GMP Amendment No. 2 to the Contract with Lillard and Clark Construction Company, Inc. in the amount of \$562,410.69, for site preparation of the Montclair recycled water pump station.

Mr. Price reported the original project budget of \$8.5 million is now anticipated to be \$8.2 million even with the expenditures under this Amendment.

#### **13. ITEM V-D-13: CHANGE ORDER NO. 8 FOR ELEVEN MILE OUTLET WORKS RENOVATION**

Authorized Change Order No. 8 to the Contract with Glacier Construction Company, Inc., in the amount of \$161,253.00, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "G".

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Mr. Bambei reported the change order was necessary due to changes in the electrical equipment locations required by IREA that were not anticipated at the time the specifications were prepared.

#### **14. ITEM V-D-14: ANNUAL CONTRACTS SCHEDULED TO RENEW IN THE THIRD QUARTER.**

Approved renewal of the following annual contracts:

Contract with Maximus Inc. to provide fleet management software for the period September 30, 2006 to September 30, 2007 at an additional cost of \$38,000.00;  
Contract with Oracle Corp. to provide human resources software to the period September 21, 2006 to September 21, 2007 at an additional cost of \$156,000.00;  
Contract with MRO Corporation to provide maintenance management software for the period September 15, 2006 to September 15, 2007 at an additional cost of \$61,000.00;

Contract with Stellent Inc. to provide web content management software for the period June 27, 2006 to June 27, 2007 at an additional cost of \$1,000.00;  
Contract with Oracle Corp. to provide data base software for the period May 31, 2006 to May 31, 2007 at an additional cost of \$69,000.00;

Contract with TIDAL Software Inc. to provide production job scheduler for September 30, 2006 to September 30, 2007 at an additional cost of 14,600.00; and  
Contract with APPLIX Inc. to provide TM 1 Software for the period August 1, 2006 to August 1, 2007 at an additional cost of \$36,000.00, all as more particularly described in the attachment to Agenda Item V-D-14, dated June 21, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "H".

#### **15. ITEM V-D-15: CONTRACT TO FURNISH AND INSTALL CASTLEWOOD PUMP STATION IMPROVEMENTS**

Authorized award of a Contract to Aslan Construction, Inc., to furnish and install Castlewood Pump Station Improvements in the amount of \$286,416.00.

Mr. Good reported work is necessary to upgrade the Castlewood Pump station to the Board's standards. Ms. Wells and Mr. La France explained that Castlewood pays a surcharge in its rates that is designed to reimburse the Board's expenditures.

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#### **16. ITEM V-D-16: AMENDMENT NO. 1 FOR THE DESIGN-BUILD CONSTRUCTION OF THE WEST AND SOUTHWEST EMBANKMENT SLOPES FOR CAT RESERVOIR, BID PACKAGE NO. 2**

Authorized Amendment No. 1 to Bid Package 2 of the July 13, 2005 Contract with Cat Lake Inc. in the amount of \$926,184.50 for the design and construction of approximately 40% of the interior reservoir slopes.

#### **17. ITEM V-D-17: ROOF REMOVAL AND REPLACEMENT AT MOFFAT COLLECTION SYSTEM HEADQUARTERS**

Authorized the award of a Contract to Craft Metal, Inc. for roof removal and replacement at the Moffat Collection System Headquarters in the amount of \$204,164.00.

#### **18. ITEM V-D-18: RATIFICATION OF TEMPORARY SPOT SALE LEASE OF NON-POTABLE WATER TO THE CITY OF THORNTON**

Ratified the Temporary Spot Sale Lease of non-potable water to the City of Thornton, the terms of which are set forth in the Lease, a copy of which is attached to and incorporated in these Minutes as Exhibit "I".

Commissioners Maes, Tate and Beardsley expressed their concern about the late notice and lack of criteria for spot sale water. Mr. Pokorney and Mr. Waage explained the unique circumstances which occurred to make water available for lease to Thornton. Generally those circumstances include full reservoirs, lack of exchange potential, free river on the Colorado River, and water physically available to divert. These conditions usually come about on short notice and last for a short duration.

#### **19. ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated June 21, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "J," effective the pay period ending June 2, 2006 unless otherwise noted.

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#### 20. ITEM V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective June 1, 2006, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date Unless otherwise noted^	Division/Section
Shane Sawyer	05/16/2005	05/16/2005	Marston #630
Michael Jimenez	12/01/2005	12/01/2005	T&D Construction & Maintenance #710
Anthony Thomas	12/01/2005	12/01/2005	Water System Operations #760

#### 21. ITEM V-F-1: AMENDMENT TO BOARD BYLAWS REGARDING WRITTEN MINUTES

Approved the following additional provision to Article I – “Meetings” of the Board’s bylaws:

11. Minutes. Written minutes of any Regular Meeting, Special Meeting or Executive Session shall be taken and promptly recorded. The minutes of an executive session shall contain: the specific citation in the Open Meetings Law or the Denver Revised Municipal Code that authorizes the executive session, the actual contents of the discussion, and a signed statement from the chair of the executive session attesting that the written minutes substantially reflect the substance of the discussions during the executive session. No record shall be kept of any part of an executive session that constitutes a privileged attorney-client communication. The written minutes shall contain a signed statement from the Board’s attorney attesting that the unreported portion of the executive session constituted a privileged attorney-client communication in the opinion of the attorney, and a signed statement from the chair of the executive session attesting that the unreported portion of



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the executive session was confined to the topic authorized for discussion in an executive session by the Open Meetings Law or the Denver Revised Municipal Code.

Ms. Wells recommended that the Bylaws be amended to memorialize the process for creating a written record of Board meetings. The Board has historically recorded its meetings by means of written minutes drafted by a recording secretary and approved by the Board at a subsequent meeting. Since 2001, written minutes of executive sessions have also been prepared and approved.

#### **22. ITEM VI-B-1: DISCUSSION AND INFORMATION: Early Notification of Potential Increases in 2007 System Development Charges**

Mr. LaFrance reported that based upon a preliminary review, which does not constitute a full SDC cost-of service analysis, Staff has concluded that SDCs may increase by approximately 7.5% to 12.5% in 2007. The range is based upon preliminary evaluation of general price increases associated with the replacement cost of Denver Water's current and future facilities, and potential changes in the valuation of water rights. For planning purposes, the development community may wish to assume that beginning January 2007, SDCs will be approximately 7.5% to 12.5 % higher than those currently in effect.

#### **23. ITEM VI-B-2: DISCUSSION AND INFORMATION: Debt Guidelines and Cash Reserve Assumptions**

Item withdrawn.

#### **24. ITEM VI-B-3: DISCUSSION AND INFORMATION: Project One Contract Regarding Denver Water Design, Bid, and Construction Management Process**

Pursuant to the Board's previous request for a rigorous review of methods for procuring construction services, Mike Palumbo, with Project One Integrated Services gave a presentation describing the process for the review of Denver Water's Construction service. Mr. Palumbo provided an outline of his presentation to the Commissioners and a copy is attached to and incorporated in these Minutes as Exhibit "K". The Commissioners approved the description of the process.

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### **MINUTES OF THE BOARD OF WATER COMMISSIONERS**

#### **25. ITEM VI-C-1: DISCUSSION AND INFORMATION: Drought/Conservation**

Ms. Renouf described a proposal to build a new water education center on the Board's Marston Reservoir property. The proposed center would be staffed by volunteers and used to educate community groups and students from the 287 public and private schools in the Board's service area regarding the value of Colorado water and the importance of conserving the resource. Ms. Renouf explained the intent was to incorporate the proposed education center into the Ten Year Conservation Plan. The estimated project cost would be \$2 million with \$50,000/year in operating expenses. Ms. Renouf described a funding proposal which would include the Board contributing one half, with the remaining one half from grants and corporate sponsorships. Commissioner Beardsley supported the concept but was not prepared, at this time, to commit any funding to the proposal until more substance on the proposal is presented. Commissioner Maes and Tate supported the concept but cautioned staff to not promise Board funding when soliciting funds from other entities.

#### **26. ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of May 31, 2006" as set forth in Agenda Item VI-F-1 dated June 21, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

#### **27. ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK**

The Board was furnished with the Status of Contract Work Report dated June 21, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

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#### **28. ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2006 Budget Status Summary for the period ending May 31, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

#### **29. ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed a Study Session will take place on Wednesday, June, 28, 2006, at 9:00 a.m. in the Three Stone Buildings, 1600 W. 12th Avenue, Denver, Colorado. The topics to be discussed will be those related to Blue River Decree Negotiations and the meeting would take place as an Executive Session.

The Board confirmed that the regular meeting would take place on Wednesday, July 12, 2006, at 9:15 a.m. in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 11:20 a.m.

#### **EXECUTIVE SESSION**

On Wednesday, June 21, 2006, commencing approximately at 11:28 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Property Transactions § 24-6-402(4)(a)
2. Litigation § 24-6-402(4)(b)

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There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:15 p.m.

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President

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Secretary